

News and Information

from the Tennessee Division of Consumer Affairs

615.741.4737 or toll-free 800.342.8385

www.state.tn.us/consumer

FOR IMMEDIATE RELEASE

January 21, 1998

CONTACT:

Mark Williams

Wendy Waldron

DIRECTV SETTLES ALLEGED MISLEADING AD CHARGES WITH 31 STATES

You may be eligible for restitution if you pre-paid for satellite programming services from DIRECTV, Inc. and were dissatisfied when the company changed its programming.

DIRECTV, a satellite broadcasting service based in California has agreed to settle allegations of misleading advertising with 31 states including Tennessee. The Tennessee Attorney General's Office has reached an agreement today on behalf of the Tennessee Division of Consumer Affairs, and will shortly seek court approval.

In Tennessee, 14,300 consumers participated in DIRECTV's \$200 Cash Back Offer, in which consumers who purchased a satellite system and prepaid for a year of certain types of programming services received \$200 off either the purchase of a satellite system or the annual proreamming services.

Before all of the prepaid subscriptions had expired, DIRECTV removed some of the channels included in the prepaid subscriptions, and replaced them with other channels. The channels removed were Encore movie channels, and were placed in a seperate programming package entitled "Total Choice Plus Encore." Consumers who wanted to keep the Encore movie channels were required to pay an additional \$4 per month.

The multi-state agreement alleges DIRECTV's advertising of the \$200 Cash Back Offer may have misled consumers into believing that they were to receive the channels advertised when they accepted the offer for the length of their annual subscription.

As part of the settlement, any consumers who were unhappy with the programming changes are entitled to receive the Encore movie channels for free for the remainder of the time they have left on their annual subscription when DIRECTV made the changes in April, 1997. Some consumers are entitled to cash or credits. The company has also agreed not to make such programming changes in the future with respect to consumers who have pre-paid for programming services in response to advertisements r offers made by DIRECTV without providing those consumers the opportunity to cancel their subscription for a prorated refund of the amount paid for the subscription.

DIRECTV will mail claim forms to consumers eligible for restitution, and some consumers will have to return those to get their restitution.

"We are satisfied with this agreement, and we appreciate DIRECTV's cooperation in this matter," Tennessee Attorney General John Knox Walkup said. "Eligable consumers should be watching the

mail for claim forms from DIRECTV. It is extremely important that consumers promptly return those forms to get their restitution."

"Consumers should always be cautious when prepaying for future services," said Mark Williams, director of the Tennessee Division of Consumer Affairs. "I am glad we were able to reach an agreement on the restitution for those consumers who were affected."

Each negotiating state will receive \$28,000 as part of the settlement to cover the cost of the investigation, attorney's fees and consumer education. The other states participating include Arizona, Arkansas, California, Connecticut, Delaware, Florida, Georgia, Idaho, Illinois, Indiana, Kansas, Kentucky, Louisiana, Maryland, Massachusetts, Michigan, Mississippi, Missouri, Nebraska, New Jersey, New Mexico, New York, North Carolina, Ohio, Oklahoma, Oregon, Pennsylvania, Texas, Vermont and West Virginia.

Attorney General Walkup and Mark Williams, director of the Tennessee Division of Consumer Affairs, offer the following tips on how to be a better consumer:

- Read the fine print. It is easy to overlook, but often the most important terms of a contract are in fine print.
- Avoid locking into a long-term contract. You may not feel the same way about your purchase two or three years from now as you do now. You can always renew your contract.
- Ask questions before you sign a contract about possible changes in the product being advertised and how the company intends to compensate you if you are not satisfied with those changes.
- Make sure you are aware of all cancellation policies; including cancellation fees, refund availability, etc.
- Don't make any hasty decisions when obligating yourself to pay for future services.